



# Changes to Federal Benefit Payments: What Skilled Nursing Facilities Need to Know

Presented by the U.S. Treasury's  
*Go Direct*® Campaign and  
the American Health Care Association

September 18, 2012

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# Objectives

- Understand new rules requiring federal benefit payments to be made electronically by 3/1/13;
- Learn how the rules will affect skilled nursing facilities (SNFs) current benefit deposit procedures;
- Identify the role of financial institutions;
- Discuss various SNF scenarios and understand the actions necessary for compliance;
- Know how SNFs can help convert residents funds to direct deposit; and
- Address questions from SNFs.



# Table of Contents

- **What's changing and why**

- Important Change Regarding Federal Benefit Payments
- What Are The Protections for Resident Trust Accounts?
- Why Is Treasury Taking This Step Now?
- Which Federal Benefits Are Being Impacted?

- **Current SNF Benefit Check Payment Deposit Options**

- **Representative Payees**

- Who Needs a Representative Payee?
- How Do You Apply To Be A Representative Payee?
- SSA's Use of A Face-to-Face Interview

- **Converting to Direct Deposit**

- Role of SNFs
- SNF Procedures for Conversion to Electronic Payments
- Role of Financial Institutions

- How To Convert to Direct Deposit or Electronic Fund Transfer(EFT) and contact information

- **Scenarios and Actions**

- Current Residents — Pre-3/1/2013
- Current Resident and New Federal Benefit — Pre 3/1/2013
- New Admissions — 3/1/2013 and After

- **Delivery of Payments to a Prepaid Card**

- **Partnering with the *Go Direct* Campaign**

- Free Materials
- How to Get Started

- **Questions**

- **Speaker Contact Information**



# Important Change Regarding Federal Benefit Payments

- The U.S. Department of the Treasury issued a final rule in December 2010 announcing that all federal benefit and non-tax payments must be paid electronically.
- The rule affects:
  - ***Current check recipients.*** People already receiving Social Security and other federal benefits by check are required to switch to direct deposit by March 1, 2013.
  - ***People newly applying for benefits.*** Anyone applying for federal benefits will receive their payments electronically from day one.
- Exception:
  - ***People born before May 1, 1921*** can continue to receive their payments by check if they choose.
  - ***Limited hardship waivers*** for people in unique circumstances.

# Why Is Treasury Taking This Step Now?

- Electronic payments have gained widespread acceptance.
  - **Safe.** Eliminate the risk of lost or stolen checks.
  - **Easy.** There's no need to wait for the mail or make a trip to cash or deposit a check.
  - **Cost Effective.** By paying all federal benefit payments electronically, taxpayers will save \$1 billion over the next 10 years



# Which Federal Benefit Payments Are Impacted?

- Social Security Administration (Social Security and SSI)
- Veterans Affairs (VA)
- Railroad Retirement Board
- Office of Personnel Management
- Department of Labor (Black Lung)





# Current SNF Benefit Check Payment Deposit Options

- Resident has directed that benefit be deposited electronically into the facility Resident Trust Account (RTA).
- Resident or representative payee already receive benefit check electronically in personal bank account.
- Resident's benefit check is sent to the resident, and the resident authorizes deposit into the RTA.
- Resident's benefit check is sent to the resident, and the resident deposits it in his/her bank account.
- Resident's check is sent to resident's representative payee, and the representative payee provides the check or the payment due to the SNF.
- The SNF is the representative payee. The check is sent to the SNF in its capacity as representative payee, and the SNF deposits the check into the RTA.





# What Are The Protections for Resident Trust Accounts?

- There is federal oversight and regulations providing detailed resident fund protection requirements;
- There is absolute protection because of the requirement for a surety bond;
- Resident trust accounts are held to certain very strict standards and defined criteria by the state and federal regulations. This includes an interest bearing bank account and a requirement to provide the resident or family/agent with a quarterly accounting;
- SNFs must offer residents, at the time of admission, access to a bonded trust account;
- The resident must sign a written authorization to be part of the resident trust fund, whether it is direct deposit or by personally depositing funds. This authorization provides the directions for how funds will be managed. For example, the resident can give instructions to pay the monthly share of cost/patient liability (for a Medicaid eligible resident) and/or for personal purchases.
- Resident trust fund accounts are audited by surveyors; Typically the skilled nursing facilities reconcile and self-audit the accounts monthly.





# What is a Representative Payee?

- A representative payee is an individual or organization appointed by the Social Security Administration (SSA) to receive Social Security and/or Supplemental Security Income (SSI) benefits for someone who cannot manage or direct someone else to manage his or her money.
- The main responsibilities as a representative payee are to use the benefits to pay for the current and foreseeable needs of the beneficiary and properly save any benefits not needed to meet current needs.
- A representative payee must provide SSA with an accounting of the payee's use of benefits and savings when SSA requests a report from the payee; therefore, keep records of expenses.
- Other paying agencies have different procedures to recognize and monitor representative payees.



# Who Needs a Representative Payee?

Beneficiaries who are unable to manage or direct the management of their money need a payee. These beneficiaries fall into three categories:

- Minor children;
- Legally incompetent adults (if your organization is the legal guardian for a beneficiary, you will need to submit a copy of the court appointed document to the local SSA office when you file the application to become a payee); and
- Adult beneficiaries SSA has determined are incapable of handling their money.



# How Do You Apply To Be A Representative Payee?

- To apply to be a representative payee for a Social Security and/or SSI beneficiary:
  - The SNF should contact its local Social Security office to file an application;
  - SSA requires the completion of the application in a face-to-face interview;
  - SSA may waive the requirement for a face-to-face interview for certain organizations that have an established relationship with their local office;
  - Contact other paying agencies regarding other federal benefits.



# SSA's Use of A Face-to-Face Interview

- SSA uses a face-to-face interview to:
  - Determine your organization's relationship to and interest in the beneficiary;
  - Discuss your organization's qualifications;
  - Discuss your organization's ability to carry out the responsibilities of behalf of the payee;
  - Explain the duties of a payee;
  - Explain the reporting responsibilities of a payee; and,
  - Explain the liability for not reporting changes to SSA.



# **Converting To Direct Deposit**



## Role of SNFs

- Encourage and/or assist current benefit recipients who receive their federal benefit by paper check to convert before March 1, 2013. ***It's recommended that all current residents convert by early January to allow for processing time.***
- Residents in skilled nursing facilities newly applying for benefits will receive their payments electronically from day one. Assist residents during this process, if requested.
- Encourage those starting long term care to use direct deposit.



# SNF Procedures for Conversion to Electronic Payments

- Resident directs SSA that benefit be deposited electronically directly into resident's bank account.
- Resident directs SSA that benefit be deposited electronically directly into the facility Resident Trust Account (RTA).
- Resident's representative payee directs that benefit be deposited electronically directly into the facility Resident Trust Account (RTA).  
Recommended approaches for:
  - Longer-term residents, switch the rep payee responsibility to the SNF.
  - Shorter-term residents, consider having the rep payee pay directly from the other account.
- Resident's representative payee directs that benefit be deposited into some other account.
- SNF representative payee directs that benefit be deposited electronically directly into the facility RTA.





# Role of Financial Institutions

- SNFs and social service agencies can request payment information from their financial institution for SSA, SSI, and RRB benefit payments.
- Banks must account for the funds of each resident.
- Financial institutions should provide this payment-related information, upon request.
- Financial institutions may charge a fee for access to this payment information.
- Ask your financial institution for the exact format in which they will provide your payment related data.



# How To Convert to Direct Deposit or Electronic Fund Transfer(EFT)

- **PHONE** — Call 1-800-333-1795, or
- **ON-LINE** — Go to [www.GoDirect.org](http://www.GoDirect.org), or
- **PAPER** — Fill out and mail in paper form (FMS 1200), found on [www.GoDirect.org](http://www.GoDirect.org)

*NOTE: Forms SSA-1199A, SSA-11-BK,  
SSA-787 are available from SSA*



# How to Convert to EFT

[www.GoDirect.org](http://www.GoDirect.org)

The screenshot shows the Go Direct website. At the top is the Go Direct logo. Below it is a navigation bar with links: Home, I Get Checks Now, Applying Soon?, FAQ, Partners, and Newsroom. The main content area features a large image of an elderly couple and a green box with the text 'Getting Checks? Are you getting Social Security, VA or other federal benefits by paper check? You are required by the U.S. Department of the Treasury to electronic payments by March 1, 2013.' Below this are two buttons: 'Get direct deposit NOW!' and 'Get the Direct Express® card NOW!'. A large blue box with a green border contains a countdown timer: 'The Countdown Is On Save taxpayers \$1 billion 350 : 11 : 19 : 47'. Below the timer is a green button that says 'Switch today'. At the bottom, there is a green banner that reads 'U.S. Treasury Requiring Electronic Federal Benefit Payments' and a blue box that says 'Welcome!'. Below the banner, it states: 'The Treasury Department is phasing out paper check payments and requiring federal benefit recipients to get their money electronically. You can choose to get your payments by direct deposit to a bank or credit union.'

Call 1 (800) 333-1795

## FMS Form 1200



### Sign-Up Form for Direct Deposit of Federal Benefit Payments

FMS Form 1200 (10/2007) (Previous versions obsolete) OMB No. 1519-0007

You may also sign up online today at [www.GoDirect.org](http://www.GoDirect.org) or call Go Direct toll free at 1 (800) 333-1795 (for social security, railroad retirement board, civil (non-military) retirement payments or VA only).

#### DIRECTIONS

Please read the information on page 2 before completing this form. You must complete boxes A, B, C, D, E and F. Only complete this form to sign up for direct deposit if you are an individual, or a representative payee of an individual, who receives checks for the following types of federal benefits: social security, supplemental security income, railroad retirement, civil (non-military) retirement, or VA (compensation or pension only). If you currently receive your payment by direct deposit it you may not use this form. Please refer to page 2 for further instructions.

#### A. FEDERAL BENEFIT RECIPIENT INFORMATION

(Print name(s) and address exactly as they appear on your benefit check)

NAME OF BENEFIT RECIPIENT (or joint account holder) (Last, first, middle initial)

NAME OF REPRESENTATIVE PAYEE (Last, first, middle initial)

ADDRESS (Street, apt., P.O. box, apartment number)

CITY (or APO/FPO) STATE ZIP CODE

SIGNATURE TELEPHONE NUMBER

SOCIAL SECURITY NUMBER (OFFERED BY BENEFIT TO GOVERNMENT EMPLOYEES)

RECEIPT NUMBER

SAMPLE CHECK (bottom left corner)

#### B. BANK OR CREDIT UNION INFORMATION

(FOR JOINT ACCOUNTS, list primary or secondary)

ACCOUNT TYPE

Checking ☐ Savings ☐ Other ☐

ACCOUNT NUMBER (Last four digits of account number)

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#### C. TYPE OF PAYMENT (check only one)

You must complete a separate form for each type of federal payment.

☐ SOCIAL SECURITY ☐ SUPPLEMENTAL SECURITY INCOME ☐ RAILROAD RETIREMENT BOARD (RRB) ☐ CIVIL (NON-MILITARY) RETIREMENT

☐ VA (COMPENSATION OR PENSION ONLY) ☐ VA (COMPENSATION OR PENSION ONLY) ☐ VA (COMPENSATION OR PENSION ONLY)

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#### D. IDENTIFICATION

IDENTIFICATION NUMBER

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IN ORDER TO PROVE YOUR REQUEST, EITHER THE DATE

OF YOUR BIRTH OR THE DATE OF YOUR PAYING AGENCY

OR THE CHECK NUMBER FROM YOUR LAST

PAYMENT (Must be the upper right-hand corner

of your Treasury check) must be entered as follows:

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#### E. PAYMENT VERIFICATION

IDENTIFICATION NUMBER

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IN ORDER TO PROVE YOUR REQUEST, EITHER THE DATE

OF YOUR BIRTH OR THE DATE OF YOUR PAYING AGENCY

OR THE CHECK NUMBER FROM YOUR LAST

PAYMENT (Must be the upper right-hand corner

of your Treasury check) must be entered as follows:

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Be sure to complete all sections of this form.

Otherwise, the form cannot be processed.

Return the completed form to:

Go Direct Processing Center

U.S. Department of the Treasury

P.O. Box 650627

Dallas, TX 75265-0527

This form is only to be used for switching from check payments to direct deposit of certain federal

benefits listed in Part C. Use of this form for any other purposes will result in the form being rejected.

Contact your paying agency for:

• Update your name or address

• Change your account information if you already receive your payment by direct deposit, or

• Sign up for direct deposit for military, federal salary, veterans benefits, or other federal

payments not processed by Go Direct.



# **Social Security, Supplemental Security Income, Veterans, Railroad Retirement or Civil Service (OPM) Benefits**

Download, print, and complete the [FMS Form 1200](#) to enroll in direct deposit.

Mail the completed form to:  
U.S. Treasury  
Electronic Payment Solution Center  
PO Box 650527  
Dallas, TX 75265-0527



# Military Benefits

- Not processed by the U.S. Treasury Electronic Payment Solution Center
- Contact DFAS/Military Customer Service at **1-888-332-7411** or visit the [DFAS/Military web site](#).



# Black Lung

- Not processed by U.S. Treasury Electronic Payment Solution Center.
- Contact the Department of Labor. A toll-free number has been designated for each of the nine Division of Coal Mine Workers' Compensation district offices. Visit the [Department of Labor web site](#) for a list of district offices and their phone numbers.



# **Scenarios and Actions**

**Existing Residents – Before 3/1/13**





# Existing Residents – Before 3/1/13

Scenario		Actions	Sign-up Procedures
A	Existing resident or Representative Payee receives federal benefit payments by paper check	If the resident is mentally competent, SNF educates the resident or Representative Payee on how to establish direct deposit into their personal bank account or the Resident Trust Account (RTA)***	Representative Payee can go: <ul style="list-style-type: none"><li>• To <a href="http://www.GoDirect.org">www.GoDirect.org</a> or call <b>Go Direct</b> at 800-333-1795</li><li>• Visit their local Social Security Administration office or call 800-772-1213</li><li>• Complete SSA form #1199A or FMS form #1200 provided by SNF <i>When helping a patient sign up online, adequately document the authorization for your records</i></li><li>• To <a href="http://www.SSA.gov">www.SSA.gov</a> to enroll online</li></ul>
B	Existing resident is not mentally competent and receives their federal benefit payments by paper check	SNF completes paperwork with physician certification to become Representative Payee with federal benefit payments electronically deposited into RTA	Use SSA forms 1199A (or FMS form #1200), SSA-11-BK and SSA-787



# Existing Residents – Before 3/1/13

Scenario		Actions	Sign-up Procedures
C	Existing resident is mentally competent and elects to have their federal benefit payments (other than a paper check) deposited electronically into the SNF RTA	Resident initiates transfer with the assistance of the SNF (which provides account information for the RTA)	Resident calls SSA Office or completes SSA form #1199A (Direct Deposit Sign-Up Form) or online at SSA.gov website
D	Representative Payee requests to have the federal benefit payment (other than paper check) deposited electronically into the SNF RTA	Representative Payee initiates transfer with the assistance of the SNF (which provides account information for the RTA)	Representative payee can obtain forms at SSA.gov website but cannot actually complete sign up online. Only beneficiary can obtain password to complete online enrollment
E	Federal benefit is made payable by check to the resident receiving Medicaid or Representative Payee (other than SNF), and the funds are misappropriated through 1) fraudulent endorsement; or, 2) individual Representative Payee not paying funds owed to the SNF for Medicaid	By law, the SNF must contact the local SSA Office and report the misappropriation	SNF completes paperwork to have SNF designated Representative Payee with federal benefit payments deposited into RTA. Use SSA form #1199A (or FMS form #1200) and SSA-11-BK



# **Scenarios and Actions**

**Existing Residents Become Eligible  
for Federal Benefit –  
Before 3/1/13**



## Existing Residents Become Eligible for Federal Benefit – Before 3/1/13

Scenario		Actions	Sign-up Procedures
A	Existing resident becomes eligible for a federal benefit	If the resident is mentally competent, SNF educates the resident or Representative Payee on how to establish direct deposit into their personal bank account or the Resident Trust Account (RTA)***	Resident or Representative Payee can go: <ul style="list-style-type: none"><li>• To <a href="http://www.GoDirect.org">www.GoDirect.org</a> or call <b>Go Direct</b> at 800-333-1795</li><li>• Visit their local Social Security Administration office or call 800-772-1213</li><li>• Completes SSA form #1199A or FMS form #1200 provided by SNF <i>When helping a patient sign up online, adequately document the authorization for your records</i></li></ul>
B	Existing resident is not mentally competent	SNF completes paperwork with physician certification to become Representative Payee with federal benefit payments electronically deposited into RTA	Use SSA forms #1199A (or FMS form #1200), SSA-11-BK and SSA-787



# **Scenarios and Actions**

**New Admissions – 3/1/13 and After**



# New Admissions – 3/1/13 and After

	Scenario	Actions	Sign-up Procedures
A	Incoming resident has federal benefit payment deposited electronically into his/her personal bank account, a Representative Payee's account or a <b>Direct Express®</b> Debit MasterCard® card*** account and resident chooses to make no changes	<ol style="list-style-type: none"><li>1. Private Pay – Private Pay is notified of payment due dates.</li><li>2. Medicaid – (Dual Eligible) Responsible Party is notified that SNF portion of the federal benefit should be paid on time</li><li>3. Medicare – Private Pay is notified that any coinsurance related to Medicare stay is due privately after service is provided. Dual eligible residents are notified that the federal benefit is kept by the resident unless a patient liability is owed related to coinsurance days. State regulations vary.</li></ol>	N/A
B	Upon admission, the incoming resident elects to have his/her federal benefit payment deposited electronically into SNF Resident Trust Account (RTA)	If resident is competent to handle financial affairs, resident initiates transfer with the assistance of the SNF (which provides account information for the RTA)	Resident or Representative Payee can go: <ul style="list-style-type: none"><li>• To <a href="http://www.GoDirect.org">www.GoDirect.org</a> or call <b>Go Direct</b> at 800-333-1795 only if the benefit is received as a paper check</li><li>• Visit their local Social Security Administration office or call 800-772-1213</li><li>• Complete SSA form #1199A or FMS form #1200 provided by SNF</li><li>• To <a href="http://www.SSA.gov">www.SSA.gov</a> to enroll online</li></ul>



# New Admissions – 3/1/13 and After

	Scenario	Actions	Sign-up Procedures
C	Incoming resident's Representative Payee agrees to have the SNF assume Representative Payee status transferred to SNF. Federal benefit payment will be deposited electronically into SNF RTA	SNF works with Representative Payee to transfer Representative Payee status to SNF. SNF files to have the federal benefit deposited into RTA.	SNF completes Social Security forms # SSA-11-BK (Request to be Rep Payee) and 1199A (Direct Deposit Sign-Up Form)
D	Incoming resident has a designated Representative Payee who prefers to maintain Representative Payee status and control of resident's finances	<ol style="list-style-type: none"><li>1. If designated Representative Payee prefers to maintain financial control of resident's federal benefit, SNF to counsel the Representative Payee regarding payment responsibilities</li><li>2. Representative Payee may have federal benefit payment directly deposited into SNF RTA</li></ol>	Representative Payee can go: <ul style="list-style-type: none"><li>• To <a href="http://www.GoDirect.org">www.GoDirect.org</a> or call <b>Go Direct</b> at 800-333-1795</li><li>• Visit their local Social Security Administration office or call 800-772-1213</li><li>• Complete SSA form #1199A or FMS form #1200 provided by SNF</li></ul>
E	Incoming resident is not mentally competent to handle his/her financial affairs and does not have a Representative Payee	SNF completes paperwork with physician certification to become Representative Payee	Use SSA form # 1199A (or FMS form #1200), SSA-11-BK and SSA-787 (Physician's Certification)
F	During the SNF stay, the Representative Payee (or other person) misappropriates the resident's federal benefit payment	By law, the SNF must contact the local SSA Office and report the misappropriation	SNF completes paperwork to have SNF designated Representative Payee with federal benefit payment deposited into RTA. Use form # 1199A (or FMS form #1200) and SSA-11-BK





# Delivery of Payments to a Prepaid Card

On December 22, 2010, Treasury published an interim final rule that allows the delivery of federal payments to a prepaid card or access device, provided that:

- The account is **not** attached to a line of credit or loan agreement under which repayment from the account is triggered upon delivery of the federal payments;
- The account is set up to meet the requirements for pass-through deposit or share insurance such that the funds accessible through the card or access device are insured for the benefit of the recipient by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund; and
- The issuer of the card or access device provides the holder of the card with all of the consumer protections that apply to a payroll card account under the rules implementing the Electronic Funds Transfer Act.

See 75 FR 80335, 12/22/2010



# SNFs and Prepaid Cards

- It is recommended that prepaid cards NOT be used to receive federal benefit payments for residents of SNFs for several reasons.
  - Residents are generally discouraged from having valuables, such as a prepaid debit card, in their possession while in a SNF.
  - Institutional representative payees may not receive benefit payments on behalf of residents via a **Direct Express** card.
  - SNF residents may have mobility or other impairments that would make use of the card difficult in an institutional setting.
- Direct deposit of benefits, either to the SNF's account or to the resident's or Rep Payee's account, is the preferred method of receiving benefit payments.



# Spread the Word. Get Involved!

- Partners are in an ideal position to spread the word and help people take action. It's easy!
  - ✓ **TELL** people you serve about this important change and how it will impact their lives.
  - ✓ **SHARE** details about what they need to know to sign up for electronic payments.
  - ✓ **URGE** them not to wait until it's too late – sign up now!



# Free *Go Direct* Materials

- **Fliers and Posters** to display in your facilities and hand out during events.
- **Newsletter copy** to publish in your newsletter or other communication venues.
- **Web banners** to post on your Web site to link to [GoDirect.org](http://GoDirect.org).
- **Brief tips** to share in your newsletter, on your website or social media sites.





# How to Get Started

- Review current residents and determine who receives a paper federal benefit checks
  - Create a plan to convert current residents by early January 2013 so payments are electronic by March 1, 2013
  - Ensure forms are current
  - Call **Go Direct** to convert 10 residents per call or go to your SSA office
- Review and adjust admissions policies and procedures as needed



# Questions?



# Contacts

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